

MAURY COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Maury County Emergency Communications District
Columbia, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the Maury County Emergency Communications District, a component unit of Maury County, Tennessee as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Maury County Emergency Communications District as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, and the schedule of changes in the District's net pension liability (asset) and related ratios and the schedule of the District's contributions on pages 24 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Maury County Emergency Communications District's basic financial statements. The introductory section and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 31, 2017, on my consideration of the Maury County Emergency Communications District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Maury County Emergency Communications District's internal control over financial reporting and compliance.



D. Gregory Johnson, CPA
Columbia, Tennessee
May 31, 2017

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF MANAGEMENT AND BOARD OF DIRECTORS
YEAR ENDED JUNE 30, 2016**

Management Officials

Mark Gandee, Director

Susan R. Mitchell, Assistant Director

Michelle R. Denton, Administrative Assistant

Board of Directors

Mark Blackwood, Board Chairman

James Lynn Thompson, Vice Chairman

Bucky Rowland, Member

Tim Potts, Member

James Bailey, Member

John Goodloe, Member

Tommy Hemphill, Member

Sondra Martin, Member

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

As management of the Maury County Emergency Communications District, we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

Overview of the Financial Statements

This annual report includes the management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about its activities. The Statement of Net Position includes all of the District's assets and liabilities and provides information about where the District has invested its resources (assets) and the obligations to the District's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through surcharges and fees.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and the changes in them. One can think of the District's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. The District is providing condensed financial information for fiscal 2016 and 2015 for comparative analysis. A summary of the District's net position and changes thereon is presented on the following page.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

SUMMARIZED FINANCIAL INFORMATION
YEARS ENDED JUNE 30th

	NET POSITION			
	2016	2015	Dollar Change	Percentage Change
Current assets	\$ 787,006	\$ 687,017	\$ 99,989	14.6%
Capital assets	893,295	974,217	(80,922)	-8.3%
Total assets	1,680,301	1,661,234	19,067	1.1%
Deferred outflows of resources	94,469	90,813	3,656	4.0%
Current liabilities	44,293	42,842	1,451	3.4%
Other liabilities	17,355	72,565	(55,210)	-76.1%
Total liabilities	61,648	115,407	(53,759)	-46.6%
Deferred inflows of resources	60,337	61,546	(1,209)	-2.0%
Net position				
Investment in capital assets	893,295	974,217	(80,922)	-8.3%
Unrestricted	759,490	600,877	158,613	26.4%
	<u>\$ 1,652,785</u>	<u>\$ 1,575,094</u>	<u>\$ 77,691</u>	4.9%

CHANGES IN NET POSITION				
Revenues	\$ 1,543,691	\$ 1,294,709	\$ 248,982	19.2%
Operating expenses	1,523,606	1,473,143	50,463	3.4%
Operating income (loss)	20,085	(178,434)	198,519	-111.3%
Nonoperating revenues net of expenses	57,606	191,546	(133,940)	69.9%
Changes in net position	77,691	13,112	64,579	492.5%
Net position, beginning of year	1,575,094	1,561,982	13,112	0.8%
Net position, end of year	<u>\$ 1,652,785</u>	<u>\$ 1,575,094</u>	<u>\$ 77,691</u>	4.9%

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Analysis of Financial Position and Results of Operations

As can be seen from the summarized financial information on the previous page, the District's total assets have increased \$19,067 during the year ended June 30, 2016, which includes a \$121,505 increase in cash, a \$693 increase in certificates of deposit, a \$21,843 decrease in receivables, and a \$366 decrease in prepaid expenses. Net capital assets decreased \$80,922 as a result of additions to depreciation of \$111,856 with net additions to fixed assets of \$30,934. Net position increased \$77,691 from the previous year. In the current year, the District's total operating revenue increased by 19.2%. Total expenses for the District increased 3.4% due primarily to an increase in salary and employee benefit costs.

The District's Net Position

The District completed the year with a net position of \$1,652,785. The net position at June 30, 2016, consist of \$893,295 invested in capital assets, and \$759,490 unrestricted and undesignated.

Budgetary Highlights

The District adopts an annual operating budget which includes proposed expenses and the means for paying these expenses. As conditions change during the year, the budget may be amended to prevent budget overruns.

Operating revenues for the year were \$1,543,691 compared to \$1,294,709 in the previous year; an increase of 19.2%. The Tennessee Emergency Communications Board (TECB) funding amounted to \$1,273,710, which included distribution of 911 surcharge base funding of \$1,251,708 and distributions of excess revenue by the TECB of \$22,002. Other emergency support services had only slight increases. Nonoperating revenue consists of TECB reimbursements for equipment and a vehicle.

Total expenditures in most budget categories remained in line with a few exceptions. Total salaries and wages were \$1,222 less than final budgeted amounts. Employee benefit costs paid were \$2,323 less than budgeted amounts. Repairs and maintenance for the building, communications equipment, and vehicles were in line with budgeted amounts.

Capital Assets

The District's current investment in capital assets amounts to \$893,295 (net of accumulated depreciation). Capital assets include the building, communications equipment, vehicles, as well as office furniture and office equipment. Current year additions amounted to \$30,934, and there were no retirements in the year ended June 30, 2016.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Capital Assets (continued)

Below is a summary of capital assets as of June 30, 2016 and 2015:

Capital Assets at June 30, 2016 and 2015
(Net of Accumulated Depreciation)

	<u>2016</u>	<u>2015</u>
Land	\$ 74,380	\$ 74,380
Buildings	412,418	424,801
Office equipment	29,085	31,686
Furniture and fixtures	1,592	2,064
Communications equipment	352,688	441,116
Vehicles	<u>23,132</u>	<u>170</u>
Total	<u>\$ 893,295</u>	<u>\$ 974,217</u>

Economic Factors and Future Needs

The District's primary source of revenue is now from the TECB as stipulated in the new 911 Funding Modernization Act. These funds are distributed to each district by direct deposit based on the formula prepared by the TECB. The District has had to incorporate this new revenue source structure into its budget decisions and overall management of 911 service operations. The District is also working to reduce capital costs in the future through a new program with the State of Tennessee. The program is part of a phone controller hosted version offered through the State. The District has sent a letter of intent to the State to participate in this program that would begin in the early part of 2018.

Request for Information

This financial report is designed to provide a general overview of the Maury County Emergency Communications District's finances for those interested parties. If you have questions about this report or need additional information, contact the Director, Maury County Emergency Communications District, P.O. Box 1171, Columbia, Tennessee 38402-1171.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

Assets

Current assets

Cash and equivalents	\$ 361,993
Certificates of deposit	407,511
Prepaid expenses	<u>17,502</u>
Total current assets	787,006

Capital assets, net of accumulated depreciation
of \$818,597

893,295

Total assets

1,680,301

Deferred outflows of resources

Pension changes in experience	16,167
Pension contributions subsequent to the measurement date	<u>78,302</u>
Total deferred outflows of resources	<u>94,469</u>

Liabilities

Current liabilities

Accounts payable	7,156
Accrued expenses	<u>37,137</u>
Total current liabilities	44,293

Other liabilities

Net pension liability	<u>17,355</u>
Total liabilities	<u>61,648</u>

Deferred inflows of resources

Pension changes in experience	51,651
Pension changes in investment earnings	<u>8,686</u>
Total deferred inflows of resources	<u>60,337</u>

Net position

Investment in capital assets	893,295
Unrestricted	<u>759,490</u>
Total net position	<u><u>\$ 1,652,785</u></u>

The accompanying notes are an integral part of these financial statements.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2016

Operating revenue

TECB distribution of 911 surcharges	\$ 1,251,708
TECB distribution of excess revenue	22,002
Emergency support services	<u>269,981</u>
Total revenue	<u>1,543,691</u>

Operating expenses

Salaries and wages	890,804
Employee benefits	316,710
Contracted services	105,694
Supplies, materials and maintenance	57,152
Other charges	41,390
Depreciation	<u>111,856</u>
Total operating expenses	<u>1,523,606</u>
Net operating income	<u>20,085</u>

Nonoperating revenue (expense)

Interest income	1,253
Grants and reimbursements	56,026
Miscellaneous income	<u>327</u>
Net nonoperating income	<u>57,606</u>

Increase in net position	77,691
Net position, beginning of year	<u>1,575,094</u>
Net position, end of year	<u><u>\$ 1,652,785</u></u>

The accompanying notes are an integral part of these financial statements.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016

Cash flows from operating activities	
Receipts from surcharges	\$ 1,273,710
Receipts from emergency support services	291,825
Payments to suppliers	(204,206)
Payments to employees	(1,265,803)
Net cash provided by operating activities	<u>95,526</u>
Cash flows from noncapital financing activities	
Proceeds from grants and reimbursements	56,026
Miscellaneous income	327
Net cash provided by noncapital financing activities	<u>56,353</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	<u>(30,934)</u>
Cash flows from investing activities	
Interest income	1,253
Purchases of certificates of deposit	(693)
Net cash provided by investing activities	<u>560</u>
Net increase in cash	121,505
Cash and equivalents, beginning of year	<u>240,488</u>
Cash and equivalents, end of year	<u><u>\$ 361,993</u></u>
Reconciliation of net operating income to net cash flows from operating activities	
Net operating income	\$ 20,085
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	111,856
Change in deferred outflows	(41,130)
Change in net pension liability	(55,210)
Change in deferred inflows	36,265
Decrease in accounts receivable	21,843
Decrease in prepaid expenses	366
Decrease in accounts payable	(5,869)
Increase in accrued expenses	7,320
Net cash provided by operating activities	<u><u>\$ 95,526</u></u>

The accompanying notes are an integral part of these financial statements.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Maury County Emergency Communications District is a nonprofit organization, established under Tennessee law. The District was organized to provide Emergency 911 service to the residents of Maury County. While 911 has been in use for several years for emergency services, the Enhanced 911 was adopted for Maury County by public referendum on August 4, 1988. The voters of Maury County voted for E911 with an approval majority of 92%. Although the District is considered a municipality under its enabling legislation, it cannot levy or collect taxes and the charges for services shall not be considered or classified as taxes. The District is managed by a volunteer board of directors who are appointed by the District's primary government.

The District is a discretely presented component unit of Maury County, Tennessee, and the financial statements are presented in both the District's separate financial report and within the Maury County, Tennessee financial report. The District is considered a discretely presented component unit of Maury County as defined under the criteria set forth in Governmental Accounting Standards Board Statement 14, because the district would be unable to issue debt without approval of Maury County, Tennessee.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends. With this measurement focus, all assets and all liabilities associated with the operations are included in the statement of net position. Net position (i.e., total assets net of total liabilities) is segregated into investment in capital assets and unrestricted components.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a District's principal ongoing operations. The principal operating revenues of the District are emergency telephone service charges to residents for providing emergency 911 services. Operating expenses include payroll expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deferred Outflows/Inflows of Resources

The District has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The Statement resulted in a change in the presentation of the balance sheet to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (continued)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District has items that qualify for reporting in this category. Accordingly, the items are reported in the statement of net position. These items are for pension changes in experience and for employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District has items that qualify for reporting in this category. Accordingly, the items are reported in the statement of net position. These items are for pension changes in experience and investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to / deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of net position and the statement of cash flows, Maury County Emergency Communications District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Capital Assets

Capital assets are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life in excess of one year. Additions to capital assets are recorded at acquisition cost or estimated market value at the date of donation in the case of donated property. Depreciation and amortization are provided for in amounts sufficient to relate the cost of the assets to operations over their estimated service lives using the straight-line method of depreciation. Estimated useful lives, in years, for depreciable assets are as follows:

Building and improvements	10 - 40 years
Furniture and fixtures	7 - 10 years
Office equipment	5 - 10 years
Communications equipment	5 - 10 years
Vehicles	5 years

Income Taxes

Maury County Emergency Communications District is a tax-exempt organization under Section 115 of the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

Budgetary Data

The District is required by state statute to adopt an annual budget. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenses must be presented at the legal level of control, which is defined to be at the line-item level. The District utilizes cash basis accounting for the budget as depreciation is not budgeted, and outlays for capital items are budgeted as expenses. Therefore, the budget is not intended to be presented in accordance with generally accepted accounting principles. The budget may be amended by the Board as conditions warrant throughout the year.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

It is the policy of the District that unused leave at the end of a fiscal year does not carry over to the next year. Vacation and sick leave expenditures are recognized when paid. Therefore, no accrual for accumulated unpaid leave is necessary.

Date of Management's Review

Subsequent events were evaluated through May 31, 2017, which is the date the financial statements were available to be issued.

NOTE B – CASH AND DEPOSITORY COLLATERAL

Custodial risk for the District's deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. According to Section 9-1-107, *Tennessee Code Annotated*, cash deposits must be insured or collateralized with securities held by the entity or by its agent in the entity's name. It is the District's policy to require financial institutions holding its deposits to be members of the Tennessee Collateral Pool or if not a member of the Tennessee Collateral Pool to pledge collateral for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. The pledged collateral is required to be held by the District or its agent in the District's name. The financial institutions used by the District are participants in the Tennessee Collateral Pool, which was established to provide security for public funds deposits in excess of FDIC coverage. At yearend, the District's deposits of cash and certificates of deposit were fully insured by the FDIC or collateralized by the Tennessee Collateral Pool.

State statutes authorize the District to invest in (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federally chartered banks and savings and loan associations; (3) the Local Government Investment Pool of the State of Tennessee; (4) obligations of the United States or its agencies under repurchase agreements with certain restrictions.

The District has not adopted formal deposit or investment policies for exposure to various forms of risks associated with its deposit and investment practices, other than to follow the State of Tennessee statutes as described above.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE C – CERTIFICATES OF DEPOSIT

At June 30, 2016, certificates of deposit are as follows:

First Farmers & Merchants Bank, 0.40% maturing October 28, 2016	\$ 150,000
First Farmers & Merchants Bank, 0.28% maturing September 14, 2016	103,066
First Farmers & Merchants Bank, 0.28% maturing September 14, 2016	103,066
First Farmers & Merchants Bank, 0.23% maturing September 14, 2016	51,379
	<u>\$ 407,511</u>

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, is presented below:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Land	\$ 74,380	\$ -	\$ -	\$ 74,380
Buildings	539,283	3,380	-	542,663
Office equipment	44,569	-	-	44,569
Furniture and fixtures	5,637	-	-	5,637
Communications equipment	990,842	-	-	990,842
Vehicles	26,247	27,554	-	53,801
Total cost	<u>1,680,958</u>	<u>30,934</u>	<u>-</u>	<u>1,711,892</u>
Less accumulated depreciation for:				
Buildings	(114,482)	(15,763)	-	(130,245)
Office equipment	(12,883)	(2,601)	-	(15,484)
Furniture and fixtures	(3,573)	(472)	-	(4,045)
Communications equipment	(549,726)	(88,428)	-	(638,154)
Vehicles	(26,077)	(4,592)	-	(30,669)
Total accumulated depreciation	<u>(706,741)</u>	<u>(111,856)</u>	<u>-</u>	<u>(818,597)</u>
Capital assets, net	<u>\$ 974,217</u>	<u>\$ (80,922)</u>	<u>\$ -</u>	<u>\$ 893,295</u>

Depreciation charged to expense for the current year amounted to \$111,856.

NOTE E – ACCRUED EXPENSES

Accrued expenses at June 30, 2016, consist of the following:

Accrued payroll	\$ 31,541
Accrued payroll liabilities	5,596
	<u>\$ 37,137</u>

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE F – MAJOR REVENUE SOURCES

Revenue for operation and maintenance of the Maury County Emergency Communications District is generated by a surcharge placed on residential and business phone lines. Prior to January 1, 2015, the surcharge was collected by AT&T Telephone Company and remitted to the District monthly less a 3% administrative fee. Effective January 1, 2015, all surcharge revenues from telephone companies that have been paid to the districts in the past are now paid directly to the Tennessee Emergency Communications Board (TECB) as stipulated in the new 911 Funding Modernization Act. The TECB established a base funding amount for each emergency communications district. The base amount for the District was \$1,251,708 for the year ended June 30, 2016. The TECB may distribute excess revenues at their discretion. These revenues are recognized by the District in the period the funding is distributed by the TECB. In the year ended June 30, 2016, the District received \$22,002 in excess revenues.

NOTE G – PENSION PLAN

Plan Description

Employees of Maury County Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated* Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE G – PENSION PLAN (CONTINUED)

Benefits Provided (continued)

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but no yet receiving benefits	3
Active employees	16
	<hr/>
	22
	<hr/>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Maury County Emergency Communications District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Maury County Emergency Communications District were \$72,339 based on a rate of 9.58 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Maury County Emergency Communications District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Maury County Emergency Communications District's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE G – PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE G – PENSION PLAN (CONTINUED)

Actuarial Assumptions (continued)

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Maury County Emergency Communications District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE G – PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/14	\$ 1,113,122	\$ 1,040,557	\$ 72,565
Changes for the year:			
Service cost	60,349	-	60,349
Interest	85,574	-	85,574
Differences between expected and actual experience	(59,030)	-	(59,030)
Contributions - employer	-	72,339	(72,339)
Contributions - employees	-	37,767	(37,767)
Net investment income	-	32,860	(32,860)
Benefit payments, including refunds of employee contributions	(64,968)	(64,968)	-
Administrative expense	-	(863)	863
Net changes	<u>21,925</u>	<u>77,135</u>	<u>(55,210)</u>
Balance at 6/30/15	<u><u>\$ 1,135,047</u></u>	<u><u>\$ 1,117,692</u></u>	<u><u>\$ 17,355</u></u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of Maury County Emergency Communications District calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Maury County Emergency Communications District's Net Pension Liability (Asset)	\$ 194,891	\$ 17,355	\$ (126,785)

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE G – PENSION PLAN (CONTINUED)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense

For the year ended June 30, 2016, Maury County Emergency Communications District recognized pension expense of \$18,229.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2016, Maury County Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,167	\$ 51,651
Net difference between projected and actual earnings on pension plan investments	37,474	46,160
Contributions subsequent to the measurement date of June 30, 2015	<u>78,302</u>	<u>-</u>
Total	<u><u>\$ 131,943</u></u>	<u><u>\$ 97,811</u></u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$ (11,088)
2018	(11,088)
2019	(11,088)
2020	4,298
2021	(5,070)
Thereafter	(10,140)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE G – PENSION PLAN (CONTINUED)

Payable to the Pension Plan

At June 30, 2016, Maury County Emergency Communications District reported a payable of \$6,380 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended June 30, 2016, the District was insured against potential losses associated with these risks through the purchase of commercial insurance for management and property liability. District employees and board members who receive, have access, or have authority over the distribution of funds are covered by surety bonds. There have been no losses in excess of insurance coverage during the last three years.

REQUIRED SUPPLEMENTARY INFORMATION

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
LAST FISCAL YEAR ENDING JUNE 30**

	<u>2014</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 57,962	\$ 60,349
Interest	76,540	85,574
Changes in benefit terms	-	-
Differences between actual and expected experience	20,785	(59,030)
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(9,464)	(64,968)
Net change in total pension liability	145,823	21,925
Total pension liability - beginning	967,299	1,113,122
Total pension liability - ending (a)	<u>\$ 1,113,122</u>	<u>\$ 1,135,047</u>
 Plan fiduciary net position		
Contributions - employer	\$ 75,692	\$ 72,339
Contributions - employees	39,588	37,767
Net investment income	140,492	32,860
Benefit payments, including refunds of employee contributions	(9,464)	(64,968)
Administrative expense	(623)	(863)
Other	-	-
Net change in plan fiduciary net position	245,685	77,135
Plan fiduciary net position - beginning	794,872	1,040,557
Plan fiduciary net position - ending (b)	<u>\$ 1,040,557</u>	<u>\$ 1,117,692</u>
 Net pension liability (asset) - ending (a) - (b)	<u>\$ 72,565</u>	<u>\$ 17,355</u>
 Plan fiduciary net position as a percentage of total pension liability	93.48%	98.47%
 Covered-employee payroll	\$ 791,754	\$ 755,108
 Net pension liability (asset) as a percentage of covered-employee payroll	9.17%	2.30%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See auditor's report.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
LAST FISCAL YEAR ENDING JUNE 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 75,692	\$ 72,339	\$ 78,302
Contributions in relation to the actuarially determined contribution	<u>75,692</u>	<u>72,339</u>	<u>78,302</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 791,754	\$ 755,108	\$ 817,348
Contributions as a percentage covered-employee payroll	9.56%	9.58%	9.58%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	5 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

See auditor's report.

SUPPLEMENTARY INFORMATION

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 2016

Salaries and Wages

Director	\$ 66,363
Assistant director	60,103
Administrative personnel	48,814
Telecommunicators	699,178
Longevity	16,346
	<hr/>
	890,804

Employee Benefits

Social security	55,229
Medicare	12,917
Life insurance	4,042
Medical insurance	209,946
Medical reimbursement plan	14,147
Unemployment compensation	2,200
Pension expense	18,229
	<hr/>
	316,710

Contracted Services

Audit services	3,000
Accounting services	2,400
Janitorial services	4,800
Legal services	83
Maintenance agreements	30,106
Data base maintenance	40,920
Other consultants	22,794
Pest control	466
Copier lease	1,125
	<hr/>
	105,694

See auditor's report.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2016

Supplies, Materials and Maintenance

Office supplies	5,394
Postage	184
Small equipment purchases	2,936
Uniforms & shirts	1,894
Utilities	
Electric and water	11,302
General telephone	11,223
Cell phones and pagers	1,838
Internet	1,680
Repairs - communications equipment	4,137
Repairs - building	13,286
Vehicle operation/maintenance	3,278
	<hr/>
	57,152

Other Charges

Bank charges	1,206
Board meeting expenses	52
Dues and memberships	1,247
Employee testing and exams	90
Insurance	
Workers' compensation	1,187
Liability	5,637
Buildings and contents	8,634
Vehicles	2,113
Public education	965
Service awards	2,323
Training	17,936
	<hr/>
	41,390

Depreciation

<hr/>	111,856
	<hr/>
	\$ 1,523,606

See auditor's report.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Cash Basis)</u>	<u>Variance With Final Favorable (Unfavorable)</u>
Operating revenue				
TECB distribution of 911 surcharges	\$ 922,554	\$ 1,251,708	\$ 1,251,708	\$ -
TECB distribution of excess revenue	-	22,002	22,002	-
Emergency support services	269,983	269,983	291,825	21,842
	<u>1,192,537</u>	<u>1,543,693</u>	<u>1,565,535</u>	<u>21,842</u>
Operating expenses				
Salaries and wages				
Director	66,000	66,000	66,000	-
Assistant director	59,775	59,775	59,775	-
Administrative personnel	48,547	48,547	48,547	-
Telecommunicators	655,166	694,166	693,598	568
Longevity	9,000	17,000	16,346	654
	<u>838,488</u>	<u>885,488</u>	<u>884,266</u>	<u>1,222</u>
Employee benefits				
Social security	51,986	54,886	54,824	62
Medicare	12,158	12,858	12,822	36
Life insurance	3,960	3,960	4,042	(82)
Medical insurance	215,000	211,400	209,946	1,454
Medical reimbursement plan	17,000	14,500	14,147	353
Unemployment compensation	-	2,500	2,200	300
Pension expense	72,755	77,655	77,455	200
	<u>372,859</u>	<u>377,759</u>	<u>375,436</u>	<u>2,323</u>
Contracted services				
Audit services	2,750	3,050	3,000	50
Accounting services	2,400	2,400	2,400	-
Fees paid to service providers	16,000	-	-	-
Janitorial services	4,800	4,800	4,800	-
Legal services	1,000	700	83	617
Maintenance agreements	48,650	29,750	29,740	10
Data base maintenance	41,000	41,000	40,920	80
Other consultants	8,000	24,000	22,794	1,206
Pest control	450	450	487	(37)
Copier lease	2,400	1,200	1,125	75
	<u>127,450</u>	<u>107,350</u>	<u>105,349</u>	<u>2,001</u>

See auditor's report.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Cash Basis)</u>	<u>Variance With Final Favorable (Unfavorable)</u>
Supplies, materials and maintenance				
Office supplies	8,500	8,500	5,612	2,888
Postage	500	500	216	284
Small equipment purchases	3,000	3,000	3,186	(186)
Uniforms & shirts	2,500	2,500	1,894	606
Utilities - electric and water	14,000	12,500	12,404	96
Utilities - general telephone	10,900	12,000	11,961	39
Utilities - cell phones and pagers	3,000	1,900	1,800	100
Internet	1,800	1,800	1,680	120
Repairs - communications equipment	2,000	4,200	4,137	63
Repairs - building	5,000	18,000	17,593	407
Repairs - office equipment	2,000	2,000	-	2,000
Vehicle operation/maintenance	4,000	4,000	3,364	636
	<u>57,200</u>	<u>70,900</u>	<u>63,847</u>	<u>7,053</u>
Other charges				
Bank charges	1,200	1,200	1,206	(6)
Board meeting expenses	100	100	52	48
Dues and memberships	1,400	1,400	1,247	153
Employee testing	500	500	90	410
Insurance - workers' compensation	3,200	3,200	1,187	2,013
Insurance - liability	5,600	5,600	5,637	(37)
Insurance - buildings and contents	8,400	8,400	8,634	(234)
Insurance - vehicles	2,000	2,000	2,113	(113)
Public education	2,500	1,000	965	35
Service awards	2,750	2,750	2,323	427
Training	15,000	18,000	17,936	64
	<u>42,650</u>	<u>44,150</u>	<u>41,390</u>	<u>2,760</u>
Total operating expenses	<u>1,438,647</u>	<u>1,485,647</u>	<u>1,470,288</u>	<u>15,359</u>
Operating revenues over (under) expenses	<u>(246,110)</u>	<u>58,046</u>	<u>95,247</u>	<u>37,201</u>
Nonoperating revenue (expenses)				
Interest income	1,900	1,900	1,253	(647)
Grants and reimbursements	-	56,026	56,026	-
Miscellaneous income	-	-	327	327
Capital expenditures	-	(30,934)	(30,934)	-
Total nonoperating revenue (expenses)	<u>1,900</u>	<u>26,992</u>	<u>26,672</u>	<u>(320)</u>
Increase (decrease) in budgetary net position	<u>(244,210)</u>	<u>85,038</u>	<u>121,919</u>	<u>36,881</u>
Budgetary net position, beginning of year	<u>1,575,094</u>	<u>1,575,094</u>	<u>1,575,094</u>	<u>-</u>
Budgetary net position, end of year	<u>\$ 1,330,884</u>	<u>\$ 1,660,132</u>	<u>\$ 1,697,013</u>	<u>\$ 36,881</u>

See auditor's report.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2016

Budget to Actual Reconciliation

Increase in budgetary net position	\$ 121,919
Capital expenditures	30,934
Depreciation not budgeted	(111,856)
Accrual adjustment for accounts receivable	(21,843)
Accrual adjustment for prepaid expenses	(366)
Accrual adjustment for pension contributions subsequent to measurement date	60,073
Accrual adjustment for accounts payable	5,869
Accrual adjustment for accrued expenses	<u>(7,039)</u>
Actual increase in net position	<u><u>\$ 77,691</u></u>

See auditor's report.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2016**

Program	Grantor Agency	(Receivable) Deferred Balance June 30, 2015	Grant Receipts	Expenditures	(Receivable) Deferred Balance June 30, 2016
Capital Asset Reimbursement	Tennessee Emergency Communications Board	\$ -	\$ 56,026	\$ 56,026	\$ -

Basis of Presentation

The schedule of state financial assistance presents the grant activity of the Maury County Emergency Communications District in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements.

See auditor's report.

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Directors
Maury County Emergency Communications District
Columbia, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Maury County Emergency Communications District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated May 31, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Maury County Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Maury County Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Maury County Emergency Communications District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maury County Emergency Communications District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2016-1.

Maury County Emergency Communications District's Response to Findings

Maury County Emergency Communications District's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Maury County Emergency Communications District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "D. Gregory Johnson, CPA". The signature is written in a cursive, flowing style.

D. Gregory Johnson, CPA
Columbia, Tennessee
May 31, 2017

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

Finding 2016-1 – Actual Amounts Exceeded Budgeted Amounts

Condition and Criteria: The District is required to maintain expenditures within budgeted amounts. *Tennessee Code Annotated*, Section 7-86-120, states that “no emergency communications district may spend monies, regardless of their source, except in accordance with an adopted budget”. Expenses must be presented at the legal level of control, which is defined to be at the line-item level.

Effect: The District had several line items where the actual amounts exceeded budgeted amounts.

Recommendation: I recommend that the District closely monitor expenditures to ensure amounts remain within adopted budgetary guidelines, and if necessary, amend the budget as the need arises.

Management’s Response: *We will implement the above recommendation and closely monitor individual account expenditures in order to remain within budgetary guidelines and if necessary amend the budget for expenditures not taken into account when the original budget was prepared.*

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS**

There were no prior year findings reported.